

Legislative Research Commission

Advisory Subcommittee on Offshore Energy Exploration



STATE OF NORTH CAROLINA LEGISLATIVE RESEARCH COMMISSION LEGISLATIVE BUILDING RALEIGH 27601-1096

May 5, 2010

Senator Marc Basnight
Senate President Pro Tempore
Legislative Building Room 2007
Raleigh, NC 27601

Representative Joe Hackney
Speaker of the House of Representatives
Legislative Building Room 2304
Raleigh, NC 27601

By strange coincidence, within a week after this report was approved by the Subcommittee, the *Deepwater Horizon* drilling rig exploded, burned, and sank into the Gulf of Mexico off Louisiana, generating a still-growing oil spill. This event, the full consequences of which are still unknown, immediately rendered outdated important elements of this report. Some of the factual information we were provided – the technological sophistication of drilling, the fail safe functions built in, etc. – proved unduly optimistic. Further, important federal policy changes have now occurred, inconsistent with this report.

One incident does not – of course – undermine the whole concept of offshore drilling, but it is certainly a wake-up call and a reminder of the risks involved. It also re-emphasizes the importance of incorporating offshore drilling into a state energy policy. The risks and the rewards are hard to balance, absent a comprehensive understanding of the state's energy needs and plans to meet them.

We had hoped to turn over to the Governor's Scientific Advisory Panel a nearly complete study that, while requiring important follow up work, would nonetheless constitute a major step toward determining state policy. Unfortunately, these recent developments, including President Obama's reconsideration of his decision to consider opening the mid-Atlantic region to offshore drilling, and the looming catastrophe in the Gulf, may require a more extensive reevaluation of our findings, at least as regards to oil drilling.

Consequently, we deliver this report to the Legislature with regrets that we cannot be more definitive at this time. And in the same vein, pass on our work to the Governor's Scientific Advisory Panel, recognizing there is now even more work to be done.

Dr. James R. Leutze, Co-Chair

Dr. Douglas N. Rader, Co-Chair